Mrs. GREEN. Congressman Quie.

Mr. QUIE. Do you think it is necessary to have the two interest rates? I notice on pages 6 and 7 you have had the policy of treating all lenders alike. Now since the Congress has decided that is not a wise national policy, do you agree with congressional policy?

Mr. MARIN. On the differential interest rate?

Mr. QUIE. Yes.

Mr. MARIN. Well, it defies economics. I think basically as a lender you seek the level of rates within a competitive environment which will get you the lending business and will enable you to pay your bills. On that basis, I am not sure that a differential rate is really justified, although I think in order to make a student loan program make any sense you have to have a very low rate.

Again, I emphasize there are a tremendous number of students in this country, some of them from quite needy families, borrowing through tuition plan and similar programs at rates three times as high as this.

Mr. QUIE. I also wonder about the necessity when you say a hundred million dollars is being used now for educational purposes.

Mr. MARIN. But at a higher rate if interest. Most of these loans are probably running 9 and 10 percent, simple interest.

Mr. QUIE. At least you are making the loans?

Mr. MARIN. We are making them. My credit union is making a substantial number of loans, and there are many other credit unions. But we are not making any of them under this particular provision.

Mr. QUIE. You have about a million and a half dollars out?

Mr. MARIN. Total. Roughly 795 credit unions.

Mr. QUIE. That indicates at least a willingness.

Mr. MARIN. I am sure there is ability to do much more. We estimate the total liquidity in the credit movement today——

Mr. QUIE. I am talking about willingness and ability of parents and students to secure a loan.

Mr. MARIN. Yes, at a higher rate.

Mr. QUIE. Yes.

Mr. MARIN. I don't think you would substantially weaken the marketability of this program by the inclusion of the $35 fee, for instance. I don't think the typical parent is going to quibble over an extra $35 in order to get the loan.

Mr. QUIE. What if we had a program in which the Federal guarantee would be provided, but there would be no subsidized interest rate?

Mr. MARIN. I think you would probably find something like an 8 or 9 percent rate emerge, assuming that you had no statutory limitation on the rate.

Mr. QUIE. You said on page 5 that you have a 10-percent limitation on the amount of loans that federally chartered credit unions make under the Higher Education Act, and 5 percent limit under the National Vocational Act. Is there a limit on savings and loans and the banks as well?

Mr. MARIN. I am not sure. I think not. I think perhaps Dr. Walker could immediately answer that question in respect to the banks when he testifies later. Of course this is the primary lending source. I under-